It will be remembered that the scheme now in force gives 29/- a week to the man, 25/- a week to the woman, 14/6d. to the boy under 16, and 12/6d. a week to the girl under 16, with children's allowance at the rate of 6/- a week for the first child, and 3/- a week for each additional child under the age of 15, subject to certain qualifying conditions, which, for the purpose of this Memorandum, it is unnecessary to elaborate. This scheme was instituted for a period of 6 months from the 29th November 1918, and in these 6 months, it provided for a maximum of 13 weeks' donation to any one individual. It will therefore be seen that a certain ever-increasing number of policies estimated at about 40-50,000 per week - will expire on and after the 26th February 1919, and that the scheme itself comes to an end on the 25th May, 1919.

It becomes necessary to consider what scheme shall take the place of that now in force. I had hoped that it would be possible to substitute for the donation scheme general contributory insurance, as foreshadowed in the original announcement which gave the terms of the present scheme. This alternative has been most carefully investigated, but I regret that the difficulties of bringing it into operation in the time available are of so great and varied a character that I cannot see my way to recommend at this moment any such procedure. Another alternative, viz. that of confining the scheme to the trades insured against unemployment has also been examined but appears to be equally inapplicable to the present emergency. For example, it would fail to include such workers as tram and bus conductresses, women in railway service, and also such industries as the textile trades. It will be remembered that in the cotton trade, unemployment is at the moment very great. It is, however, essential to consider any new proposals from the point of view of their effect upon the general contributory scheme when formulated.
Notwithstanding that three months have elapsed since the Armistice, no considerable movement has been effected in the rehabilitation of industry, and unemployment amongst civilians is still on an ascending scale. (I attach a table showing policies remaining lodged, excluding those unsigned for the last six days, which shows that on January 31st, no less than 678,703 such policies were current. It is estimated that on the 7th February the number was 734,000). It would therefore appear to me that it is politically impossible to consider either the entire withdrawal of unemployment benefit in some shape or another, or its restriction to the trades which are compulsorily insured against unemployment, seeing that of the 678,703 policies remaining lodged on the 31st January, no less than 325,000 are held by workers in uninsurable occupations.

Assuming this to be the view of the Government, it would appear that the following lines of policy may be considered -

(a) To continue today's scheme of unemployment donation for a further period of 6 months.

(b) To reduce today's rate of donation to that originally embraced by the Government, namely, 24/- a week for men and 20/- a week for women, with other conditions as at present.

(c) To continue today's scheme with the rate of donation at 21/- or 20/- a week for men and 18/- or 17/- a week for women, or such other variation as may be thought wise, for a further period of 6 months, other conditions being the same.

In regard to (a), I am clear that today's rate acts as an actual deterrent to employment, and should be abandoned; but it must be understood that considerable opposition to any such course will be encountered, and any such procedure will undoubtedly lead to agitation and difficulty. Nevertheless, I strongly advocate a reduction in the rates of donation.

In regard to (b) and (c), it is a matter for the War Cabinet to decide which they prefer. I think myself that (c)
is possible, more particularly if accompanied by a reduction in the cost of living. I understand that it can only be a question of a short time before the loaf at its present value will cease to be a cost to the State. It may be that it could be further cheapened without any or at worst a small cost. If at the same time the price of other articles of food could be lowered, it would be of material assistance in carrying through this reduced scale of donation.

If any one of those alternatives is accepted, suspension of payments of benefits under the existing contributory scheme for the period that may be decided upon will have to continue.

In any case, I should deprecate the present dependants’ allowance being varied, and for the reason that I do not think the Government should lay themselves open to a charge being made against them that in genuine cases of unemployment, through no fault of the would-be employee, the health of the rising generation might be affected by insufficient children’s allowance.

I think it inadvisable, in view of the present condition of industry, to contemplate a period of less than six months for the duration of the continuation scheme. With regard to the policies on which 13 weeks’ donation has been paid, I propose that donation shall not be continued unless the applicant satisfies the appropriate tribunal that he or she is normally in employment, is genuinely seeking work, and is unable to obtain it, and further that the Government should delay their announcement of the continuing scheme till perhaps 10th March or such date as events may show to be wise.

I am clear that a differentiation must be made between Ireland and Great Britain, and that Ireland as a whole must be excluded from this continuation scheme. A Memorandum has been circulated to the War Cabinet in regard to Ireland, and I would suggest that the variation in the scheme that is
A Sub-Committee of the Labour Resettlement Committee, with Sir David Shackleton as Chairman, has formulated a scheme of general State insurance on a contributory basis on the following lines:

1. All employed persons over 16 to be included, except non-manual workers in receipt of more than £160 per annum, and persons entitled to receive payment under a Superannuation Act.

2. Weekly rate of contribution to be 3d. (women 2½d.) each from the employed, the employer and the State.

3. Weekly rate of benefit to be 15/- for men, 12/6d. for women, with lower rates of contribution and benefit for boys and girls under 18.

4. Scheme to remain in operation for say 3 years, and then to be reconsidered in the light of experience.

5. No exemption to be permitted of particular trades from compulsory payment of contributions, but special arrangements as to administration of benefits to be allowed.

A scheme on the above lines, in addition to requiring legislation, will involve negotiations with a large number of Trades Unions and Employers' Associations, and also with persons representing industries which are either not organised at all or are only partly organised, such as domestic service and agriculture. It appears accordingly essential that negotiations should be commenced immediately, with a view to the introduction of a Bill as early as possible, so that the new scheme may come into force on 25th November next, the date upon which the proposed extension of the donation scheme will come to an end.

It is a matter for consideration whether the Bill embodying the scheme of general State insurance should not form part of the Bill which I understand may be introduced to deal with labour conditions generally.
I accordingly ask for decisions on the following points:

(1) Whether the donation scheme is to continue, and, if so, what rates are to be paid, and over what period it is to be operative.

(2) Whether the scheme, if extended, should apply to Ireland, and, if so, what modifications, if any, should be made in it.

(3) Whether there is at once to be introduced a scheme of general State insurance on a contributory basis on the lines recommended by Sir David Shackleton's Committee, or on any other lines.

(Signed) W. S. Home
14. 2. 19
**UNEMPLOYMENT DONATION to Civilian Workers and Men discharged from H.M. Forces.**

Policies issued and Policies remaining lodged at:—

<table>
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<th>January 31st</th>
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<td>Policies remaining lodged (excluding those unsigned for the last 6 days)</td>
<td>Policies remaining lodged (excluding those unsigned for the last 6 days)</td>
<td>Policies remaining lodged (excluding those unsigned for the last 6 days)</td>
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(a) Adjusted figures.